AUCTION DATES

NEW JERSEY

Commonwealth Auto Auction 609-423-3333. Every Tues & Thurs - 7 PM, Mickleton, NJ. Exit 17 off I-295. Make money buying & selling to public. Cars/Trucks/Vans.

NEW YORK

State Line Auto Auction, Inc., Waverly, NY 607-565-8151. Sale every Fri. at 11 A.M. Over 150 fleet, lease & Ford Motor Credit vehicles weekly. Serving the entire N.E.

NEW YORK

Tri-State Auto Auction, Inc., Route 31, Cicero, NY. Located in Central New York. Auction every Wednesday. Full re-con facility. (315) 699-2792.

NEW YORK

Northway Exchange, Inc., Rte. 146, Clifton Park, N.Y. Auction, 518-371-7500; Recon, 371-7800. Northeast's Finest - Every Thursday, 11:30 A.M. sharp.

NORTH CAROLINA

Aycock Auto Auction, I95 & S. Bagley Rd., Kenly, NC 27542. Sale every Monday 11 AM. We service fleet & lease. Reconditioned facility. Kenneth Aycock, 919-284-4052.

OHIO

Ohio Auto Auction. The Tuesday sale. 3905 Jackson Pike, Columbus, Ohio. Call: 614-871-2771

OHIO

Wednesday Auto Auction. Exit 49 on I-270. Columbus, Ohio. Every Wednesday. Call: Area 614-497-2000.

OHIO

Cincinnati Auto Auction — FMCC; IOA; GMAC;182 banks;flt & lease;repos;trnspt & full recon; Thursday 11AM. 800-433-5019 (Nat'l)-800-642-7319(Ohio)-513-874-9310.

OREGON

Portland Auto Auction. Fleet & lease accts. welcome, repos, etc. The West's best. Call: Rene', 503-286-3000. 3000 No. Hayden Island, Portland, Oregon 97217.

PENNSYLVANIA

Corry Auto Dealer Exchange, Route 6, P.O. Box 317, Corry, PA 16407. 814-664-7721. Every Thursday 12:30 sharp.

PENNSYLVANIA

GARDEN SPOT AUTO AUCTION
EPHRATA, PA.
SALE TUESDAY, 10:30 A.M.
FULL SERVICE AUCTION
Out of state fleet & lease accounts welcome
Contact: J. Omar Landis, Jim Landis
P.O. BOX 501, EPHRATA, PA. 17522
717-733-7917

PENNSYLVANIA

Todd Auto Auction, Old Route 309, P.O. Box 380, Telford, Pa. 18969. 215-721-1300 or 800-234-TODD. Next Sale — Oct. 6th.

PENNSYLVANIA

Hatfield Auto Auction
Route 309, Box 309
Hatfield, Pa.
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215-822-1935
Sale Every Tuesday, 11 A.M.

PENNSYLVANIA

Carriage Trade, Norristown, Pa. Every Mon. & Thurs., 6 PM (400 units), except 1st & 3rd Thurs. when GMAC auction (off lease/repos) at 11 AM. All dealers. Call: 215-CAR-SALE.

PENNSYLVANIA

Commonwealth Auto Auction 215-328-7100. Mondays & Wednesdays-7 PM/Saturdays-11 AM. Morton, PA-Rte 420 S. of Baltimore Ave. Open to public-Cars/Trucks/Vans.

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SOUTH CAROLINA

Rawls Auto Auction — Since 1938. Pickup, delivery unlimited. Recon facilities. Sale every Tues., 11 A.M. 803-657-5111 or 657-7244, Leesville, South Carolina.

SOUTH CAROLINA

Clanton's Auto Auction, P.O. Box 51, Darlington, South Carolina, 803-393-2861. Sale every Thurs., Regular Consignment, 11 a.m. & Early Bird, 9 a.m. (repos & lease units).

TENNESSEE

Memphis Auto Auction, 2650 Mt. Moriah Rd, Memphis, Tenn. 38115. 901-794-7700. Sale every Tuesday at 11 AM. Mid-South's newest auto auction.

TEXAS

Fort Worth Auto Auction (div. of GECAA), 2245 Jacksboro Hwy., Ft. Worth, TX 76114. Sale every Thursday. Contact: George Horton, 817-626-5494.

TEXAS

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TEXAS

San Antonio Auto Auction (div. of GECAA), 1500 Ackerman Rd., San Antonio, Texas 78219. Sale every Weds. Contact: Frank Post or Michael Millikien, 512-661-4200.

TEXAS

Austin Auto Auction, 740 Bastrop Hwy, Austin TX 78741. Sale every Wed 7 pm. Lease/fleet accts, bank repos welcome. New & growing fast. Tom Swanson 512-385-2277.

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Houston (713) 890-4300

WASHINGTON

So. Seattle Auto Auction. The lease & Fleet Specialists. Tom Chase, 1-800-872-6800. P.O. Box 5189, Kent, Washington 98064.

WISCONSIN

Metro Milwaukee Auto Auction. Sale every Wednesday. FMC, GMAC, all leasing. 414-835-4436, Caledonia, Wisconsin

Auto News Classifieds Get Results

AUCTION DATES

Chrysler Motors

Sept. 27 — Florida Auto Auction of Orlando, Ocoee, Fla.; American Auto Auction, Walpole, Mass.; Denver Auto Auction, Aurora, Colo.; Nashville Auto Auction, Nashville, Tenn.; South Seattle Auto Auction, Kent, Wash.; Golden Gate Auto Auction, Fremont, Calif.; and Hatfield Auto Auction, Hatfield, Pa.

Sept. 28 — Minneapolis Auto Auction, Plymouth, Minn., and Butler Auto Auction, Gibsonia, Pa.

Sept. 29 — Clanton's Auto Auction, Darlington, S.C.; Northway Exchange, Clifton Park, N.Y.; The Big Sky Auto Auction Inc., Billings, Mont.; Aptco Auto Auction, Taylor, Mich.; Ark-La-Tex Auto Auction, Shreveport, La.; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; and Salt Lake Auto Auction, Salt Lake City

Sept. 30 — Manheim Auto Auction, Manheim, Pa.

General Motors

Sept. 27 — Southern Auto Auction, East Windsor, Conn., and Dallas Auto Auction, Grand Prairie, Texas

Sept. 28 — Atlanta Auto Auction, Atlanta; Baltimore-Washington Auto Exchange, Baltimore; Clanton's Auto Auction, Darlington, S.C.; Southern California Auto Auction, Fremont, Calif.; and Omaha Auto Auction, Omaha, Neb.

Sept. 29 — Arena Auto Auction, Chicago; Ohio Auto Auction, Grove City, Ohio; St. Louis Auto Auction, Bridgeton, Mo.; and Utah Auto Auction, West Bountiful, Utah

Oct. 4 — Harrisonburg Auto Auction, Harrisonburg, Va.; Florida Auto Auction of Orlando, Ocoee, Fla.; and A.D.E. of Birmingham, Moody, Ala.

Oct. 5 — Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Minneapolis Northstar Auto Auction, Shakopee, Minn.; Golden Gate Auto Auction, Fremont, Calif.; and Indianapolis Auto Auction, Indianapolis

Oct. 6 — Butler Auto Auction, Gibsonia, Pa.; Aptco Auto Auction, Taylor, Mich.; Nashville Auto Auction, Nashville, Tenn.; Southwest Auto Auction, Phoenix, Ariz.; Mid Ark Auto Auction, N. Little Rock, Ark.; and Denver Auto Auction, Aurora, Colo.

Ford Motor Co.

Sept. 28 — Indianapolis Auto Auction, Indianapolis; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Lakeland Auto Auction, Lakeland, Fla.; and Salt Lake Auto Auction, Salt Lake City

Sept. 29 — Interstate Auto Auction, Mercer, Pa., and Nashville Auto Auction, Nashville, Tenn.

Used Car Sales
Auction Averages

September 88	$5,854
Month ago	$6,224
Year ago	$6,047

Model Breakdown
Auction Averages

	SEPT. 1988	AUGUST 1988	JULY 1988
1988	$9,966	$12,473	$11,408
1987	$7,748	$7,919	$8,407
1986	$6,775	$6,891	$6,830
1985	$5,708	$5,819	$5,881
1984	$4,217	$4,308	$4,378
1983	$3,753	$3,583	$3,718
1982	$2,608	$2,479	$2,464
1981	$1,606	$1,887	$1,952
Overall Average	$5,854	$6,019	$5,855

Court to decide fate of Cerv I/II

Chevrolet hopes to cancel sale of Arkus-Duntov prototypes

An Oct. 3 hearing on the fate of Chevrolet's Cerv I and Cerv II experimental cars has been postponed by the U.S. District Court, Minneapolis. The Cerv I narrowly escaped the auction block at the annual Monterey (Calif.) Vintage Race and Sports Car Auction in August.

Chevrolet asked a Monterey County judge to block the sale of the prized Cerv I prototype, built in 1959, only hours before it was slated to cross the auction block.

The Cerv I and Cerv II — a prototype vehicle built in the early 1960s — were on display in California's nonprofit Briggs Cunningham Museum until it closed in 1986. The models changed hands twice — first going to a Florida museum and then, in 1987, to an investment partnership that had plans to auction one of the cars.

In a second suit, filed in federal court, Chevrolet has asked for the cancellation of the 1987 sale and the return of the vehicles to Miles Collier of Palm Beach, Fla., who obtained the cars for his Florida museum.

The planned sale of Cerv I at the annual Monterey auction was held up when Chevrolet presented to the Monterey (Calif.) Superior Court an affidavit signed by legendary Corvette engineer Zora Arkus-Duntov, alleging the sale would violate terms of the original gift.

Arkus-Duntov said Chevrolet gave the cars to Cunningham for the public to see and for designers, engineers and students to study.

Arkus-Duntov, who retired in 1975, had the cars built to test a wide range of advanced engine, tire, suspension and vehicle dynamics concepts.

Like the SS Corvette, another Arkus-Duntov creation now at the Indianapolis Motor Speedway, Chevrolet donated the two Cerv cars to a museum when their value as rolling test beds diminished.

The cars still bear the plaques attached at the time that stipulate they were donated for "educational purposes." Chevrolet continued to assist in the maintenance of the cars.

Cerv I is a mid-engine, single-seat, open-wheel car with inboard brakes and an independent rear suspension that was the prototype for the production suspension in the 1963 Corvette. The car also has a rubber fuel cell that was later adopted in Indy-car racing.

The car was a test bed for a wide range of engine concepts — from supercharging and turbocharging to port fuel-injection.

Cerv II is said to be the world's first mid-engined two seater with full-time four-wheel-drive and full-envelope bodywork. It was used to test high-torque automatic transmissions, low-profile tires and a variety of advanced suspension and powertrain concepts, including multi-valve cylinder heads.

AUCTION BRIEFS

CHARLES THOMAS

Anglo unit's new home

Auction Transport, a subsidiary of Anglo American Auto Auctions Inc., has opened its $1.2 million headquarters in Kansas City, Mo.

Company and government officials dedicated the building and grounds by driving a transport truck through the ceremonial ribbon.

Auction Transport carries used vehicles to and from Anglo American's 21 locations. The company has a fleet of 50 company-owned transport trucks and nine owner-operated transport trucks.

Michael J. Richardson, president and chief executive officer of Anglo American, said 25 transport trucks will be added by the end of 1989.

He said the transport fleet will soon increase to 100 vehicles.

Since Jan. 1, the company has transported 30,300 vehicles more than 3.4 million miles.

Austin auction opens

The Austin Auto Auction held its grand opening last week at its new quarters in Austin, Texas. The facility is located on five acres and has parking for 350 cars.

Owners of the independent auction are Tom Swanson, general manager; Bob Rose; and Don Callaway, who is the founder of Callaway's Cleburne Auction, Cleburne, Texas.

The dealer-only auction opened Aug. 3 with a night sale that attracted about 100 vehicles run on two lanes.

The sale rate has been about 40 percent of consignment, Swanson said.

Virginia auction debuts

Owners of the Harrisburg Auto Auction in Pennsylvania opened a second $1.1 million facility in King George, Va., last week.

Stan Hoynitski, president of Statod Enterprises, said he hopes to draw dealers from the Baltimore; Washington; and Richmond-Portsmouth-Norfolk, Va., areas to the new Virginia Auto Dealers Exchange.

"We chose this location recognizing the need to service dealers, fleet, daily rentals, factory and financial institutions in the area," said Hoynitski.

The auction opened with 400 vehicles running through four lanes.

The new auction is located on 50 acres and has a 20,000-square-foot facility. It has a reconditioning center and 23 acres of paved, fenced parking.

Hoynitski described the grand opening as successful, saying "there were a lot of lookers."

The Virginia Auto Dealers Exchange will hold Tuesday dealer auctions.

LEASING

FROM PAGE 1

duction and tax credits has not been a real driving force. Customers are very payment-oriented."

For a time, it seemed as though the lease market for the captive finance companies would go nowhere but up. Ford Credit wrote only 20,000 leases in 1981 and by 1985 the number had climbed to 200,000, said Cliff Damaska, retail lease manager. But then the slide began: In 1986, it wrote 165,000 leases, and the number fell to 120,000 in 1987.

Chrysler Credit and GMAC experienced the same kinds of declines. They blamed the falloff on widespread interest-rate incentives offered by automakers and the proliferation of 60-month loans that began gaining popularity in 1984.

"In our experience, special APR incentives clearly had an impact on retail leasing," said James J. Madden Jr., executive vice president of operations and marketing for Chrysler Credit.

Yet retail lease portfolios for the automakers as of June 30 were hefty. GMAC had 497,000 retail leases with a net asset value of $4.1 billion. Ford Credit had 450,000 retail leases, representing $5 billion in receivables, and Chrysler Credit had 153,000 retail leases in its portfolio, with a value of $1.5 billion.

Ford Credit expects to write upwards of 140,000 leases in 1988 compared to 120,000 last year, Damaska said.

GMAC has seen a gradual increase in retail leases throughout the model year.

GMAC will write 100,000 leases in 1988, up from 80,000 in 1987 but down substantially from the 1985 peak of 302,000 leases, said Winkler.

Other financial institutions with big auto lease portfolios — GE Capital Auto Lease, a unit of GE Capital Corp., and Marine Midland Automotive Financial Corp., a subsidiary of Marine Midland Bank — also experienced increases in leasing this year.

GE has 191,000 retail leases in its portfolio, followed by Marine Midland at 130,000. GE's leasing effort has increased annually, with the company writing 47,000 retail leases in 1985, 57,000 in 1986 and 58,000 last year.

Independents like GE Capital and Marine Midland are yet another reason that the number of leases had been falling for the automakers' captive finance companies.

"A lot of competitors entered the business," said GMAC's Winkler. "Half of the banks now in leasing weren't in it five years ago and a third of them weren't in it three years ago."

Each of the automakers plans intensive training programs for dealers and sales personnel this fall.

"The success of retail leasing is still in the hands of the dealer and the sales force," said Ford's Damaska. "Customers still are nervous about leasing and want to own their cars, but we predict long-term growth in this segment."

Retail leasing is the only growth segment in leasing. Fleet leasing by companies and rent-a-car agencies is at a standstill, say executives.

Although 48-month leases are standard, GMAC and Ford Credit promote shorter leases. For one thing, shorter leases make it easier to compute the residual values of cars when figuring monthly payments. But there are other reasons.

"From the manufacturer's standpoint, a short-term lease will bring the customer back into the market sooner," Winkler said.

Furthermore, many customers equate leasing with rental of a car and are disappointed when they learn they have to pay off their current lease before getting a new car.

"We want to develop a long-term relationship with customers that's satisfying for them," said Winkler.

Neremberg, of the leasing group, predicts a shakeout in the number of financial institutions offering leases. He said some of them overestimated the residual values of vehicles in their zeal to write leases and could lose money on their portfolios. Others agree.

For the dealer, retail leasing can mean higher profits, more closings, fewer bebacks, an opportunity to get a used car at the end of the lease and repeat business.

"There is less disclosure in a lease," said Angert, of Marine Midland. "The only thing a dealer discloses is the monthly payment. Profit opportunities are greater because the customer compares the monthly payment with the finance payment and doesn't focus on the discount."

And for customers, monthly payments are lower with leasing.

"A three-year lease will provide monthly payments in the same range as the payment for a five-year finance transaction," said Ford's Damaska.

Several importers have discovered that leases move expensive cars to buyers who may view monthly payments as too high.

A spokesman for Mercedes-Benz described as highly effective a program for the Mercedes 190-E, started in April through Mercedes-Benz Credit Corp. A Mercedes-Benz study found that without leasing programs, 27 percent of its customers would have gone to another make.

In the first three months of the year, leases accounted for roughly 15 percent of Mercedes-Benz Credit Corp.'s business. Since the launch of the special program for the 190-E, that has jumped to 45 percent.

Peugeot also launched a program in the spring, with California-based Security Pacific National Bank, and it has outpaced expectations, a spokeswoman said. The program is unique in that residual values of cars are supported by the automaker. Retail leasing at Peugeot had been almost nil. This year, 20 percent of deliveries are leases.

A spokesman for Volvo Cars of North America said that in 1987, the company's finance arm, Volvo Finance North America, wrote 8,000 leases. The company surpassed that number by August this year and expects to write 11,000 to 12,000 leases this year.

"We believe that 35 to 40 percent of all Volvos delivered are leased," he said.

SMARTLEASE

FROM PAGE 1

and car rentals, towing and road service reimbursements, a road atlas and other benefits.

GM dealers can elect not to offer the leasing program; there is no fee to participate. GMAC has been and will continue to conduct comprehensive training programs throughout the country for managers and sales staffs at GM dealerships.

GMAC would not say how much it is spending on advertising but said it would spend fairly substantial amounts.

"It is the largest advertising budget that we've ever had to promote a leasing program," a GMAC spokesman said.

SmartLease will be advertised throughout the Olympics. It will be promoted on network and cable television, network radio, national newspapers, numerous magazines and trade papers and in merchandising materials at the dealership.

The American Automotive Leasing Association has reported that leasing is now the fastest growing segment of the retail market for domestic vehicles. Yet, GMAC has not done well in leasing recently. As of June 30, GMAC had about 500,000 lease contracts outstanding, down from 575,000 a year earlier.

Edman said GMAC expects consumer leasing to expand in the next 10 years because leasing has the advantage over conventional financing of requiring low initial cost and the option of keeping or returning the vehicle. Leasing requires little or no downpayment, only a small security deposit, and monthly payments generally are lower on a lease than on a conventional loan.

However, if the vehicle is among the selected models covered by one of the special incentives, the lease payment would be $282, a savings of $27 a month or $1,296 over the 48 months of the lease.

For comparison, a $15,000 car, purchased with a downpayment of $3,000 on a four-year loan at 11.75 percent would require payments of $315 per month.

Vehicles covered under the special incentive introductory offer are: Chevrolet Corsica, Beretta, Celebrity and S-10 and C/K pickups; Pontiac Grand Am, Grand Prix and Bonneville; Oldsmobile Cutlass Calais, Cutlass Ciera, Cutlass Supreme and Toronado; Buick Skylark, Century, Regal, Riviera and Reatta; Cadillac Eldorado and Allante; and GMC S-15 and C/K pickups.

GMAC Chairman Jack Edman said in a statement that SmartLease was the result of cooperative efforts betweeen GMAC and the GM vehicle divisions to market a plan to help consumers lease new GM cars and trucks and to provide GM dealers with a program to acquire a larger portion of the growing leasing business.

"The name 'SmartLease' will provide a common identity to serve as the basis for all GM divisional and GMAC marketing efforts in the leasing field," Edman said.

Previously, GMAC offered consumer leasing but each division had different names and different terms. For instance, Buick had the Blue Chip lease and Oldsmobile had the Oldsmobile Alternative.

Customers leasing vehicles on the SmartLease plan will receive a free one-year membership in the GM Travel Plan, which entitles them to discounts on hotels, motels

SEIZE

FROM PAGE 1

of Johnson's attorneys, David Martin of the firm R. Jack Ayres Jr., Dallas, declined to comment, saying Johnson had not authorized him to speak to the media on Johnson's behalf.

Meanwhile, the Dallas Morning News, Dallas Times Herald and Plano (Texas) Star-Courier have filed a petition for the dealership to be liquidated under federal bankruptcy laws. The Morning News is owed $110,000, the Times Herald $119,000 and the Star-Courier $9,000 by the dealership, according to court documents.

No hearing has been set, and Johnson has not yet filed his response to the petitions.

At the same time, the Texas Motor Vehicle Commission is investigating Jim Johnson Chevrolet on charges of not paying off bank loans on vehicles traded in, not paying the sales tax on vehicles sold and not paying title transfer fees.

Though there have been no complaints concerning Johnson's Austin, Texas, dealership, the commission will hold a hearing in November on whether Johnson's license at the Austin store should be revoked in light of what has happened at the Richardson store.

Brett Bray, assistant director of the Texas Motor Vehicle Commission, said his agency has not yet determined how much Jim Johnson Chevrolet owes in sales taxes, payoffs on trade-ins and transfer fees, nor has it determined how many vehicles are involved.

Bray said the commission continues to receive consumer complaints daily regarding Jim Johnson Chevrolet. Jim Johnson Chevrolet's failure to pay off bank loans on trade-ins has been the source of the most serious consumer complaints, Bray said.

The commission charges that Johnson Chevrolet took in cars as trade-ins then failed to pay off the loans to the financial institutions. New-car buyers who traded in the vehicle believed the dealership paid off their loans but then received notices from the bank for missing a monthly payment. As a result, some customers are getting bad ratings on their consumer credit reports, Bray said.

In some instances, the loan payoffs are sizable, up to $43,000 on large motor homes, according to sources familiar with the dealership's operations.

In addition, Bray said some individuals who bought the cars that were traded in are having them repossessed for nonpayment on the outstanding loans taken out by the previous owners, Bray said.

Bray said it has not been decided what can be done for the consumers, short of the individuals filing suit against the dealership.

"In the process of talking with the various entities involved," Bray said, "we don't know what the answer is yet."

If the sales tax and the transfer fees are not paid, a car buyer cannot register a vehicle, Bray said. Title transfer fees in Texas amount to $55.80 on a new car and $12.50 on a used car. Sales tax on some motor homes that were sold by the dealership amounts to as much as $4,000.

And even in cases where the car buyers are willing to pay the sales tax and the transfer fees, they are having trouble registering the cars because of missing paperwork required by the motor vehicle commission.

A hearing regarding one customer who bought a car on which the previous loan was not paid off is set for October.

Allen Samuels, interim manager at Patlan Chevrolet, said taking care of customers with problems regarding payoffs on trade-ins, transfer fees and sales tax are top priority. He said the dealership has identified those customers affected; now it is a matter of who will pay.

GMAC, in the meantime, has sent letters to creditors of Jim Johnson Chevrolet and local dealers, some of whom say they are owed as much as $25,000 for parts. The letters state that GMAC has assumed control of the dealership but that it has not assumed its liabilities. Those owed money are referred in the letter to Johnson's Austin, Texas, dealership.

At the same time, GMAC is looking for a buyer of the Richardson dealership.

Mark Eddins, owner of Friendly Chevrolet in Dallas, had been negotiating with Jim Johnson to buy the store before GMAC assumed control. Eddins said he remains interested in buying the store.

If Eddins prevails in buying the Johnson store, he could control about 20 percent of the vehicle market in Dallas County. Friendly was the second-largest Chevrolet dealer in the country in fleet and retail sales in 1987 and the largest Chevy dealership in Dallas, according to the Automotive News Sales Giants.

Johnson Chevrolet in Richardson, Texas, was the nation's largest dealership in retail sales in 1987, ninth largest in retail and fleet volume and Dallas' second-largest Chevy dealership. Johnson sold 9,317 retail and fleet vehicles and had sales of $170.4 million in 1987.

Johnson had worked at Friendly Chevrolet for about eight years and worked his way up to general sales manager. He left in March 1984 to purchase the Richardson store, then known as Frank Late Chevrolet.

OBITUARIES

William Martin-Hurst

BRECON, Wales — William Martin-Hurst, managing director of Rover in the 1960s, was fatally injured in an auto accident Sept. 18. He was 85. He led the company during the introduction of the Rover 3-liter coupe, the Rover 2000 and 2000-TC, the six-cylinder Land Rover and the Range Rover. He obtained the rights to build the General Motors aluminum V-8 that had powered Buicks and Oldsmobiles in the 1960s. The engine was used in Rover and MG cars and is used today in the Land Rover, Ranger Rover and Morgan Plus 8.

Walter P. Chrysler Jr.

NORFOLK, Va. — Walter P. Chrysler Jr., 79, son of Chrysler Corp. founder Walter Chrysler, died Sept. 17. An avid art collector, the automotive heir also founded Chrysler's Air-Temp Division in 1934, which developed the first vehicle air-conditioning system.

William E. Bucher

COSTA MESA, Calif. — William E. Bucher, 56, parts vice president for American Isuzu Motors, died Sept. 13. After retiring as a lieutenant colonel in the U.S. Marine Corps in 1970, he joined Toyota Motor Sales U.S.A. and was national parts field operations manager when he moved to Isuzu in 1980. He became parts vice president this year.

Shoro Morita

NABARI CITY, Japan — Shoro Morita, president and general manager of Borg-Warner Automotive Kabushiki Kaisha, died Sept. 17. He played a key role in establishing the company, which supplies chain and wire cage cam clutches to Japanese automakers.

Clyde C. Darby Jr.

SARASOTA, Fla. — Clyde C. Darby Jr., 69, owner of Darby Buick in Sarasota, died June 3. He opened the dealership in 1954.

PRODUCTION

Milestones for truck, car output

By Kathy Boyer
AUTOMOTIVE NEWS STAFF REPORTER

U.S. truckmakers built their three-millionth truck of the year last Friday, 23 days ahead of 1987.

Auto production reached five million last Thursday, but the milestone trailed 1987 by eight days.

Year-to-date, 3,014,151 trucks have been built, 8.85 percent more than the 2,769,072 completed last year at this point.

Truck output was scheduled at 86,767 units last week, 3.08 percent below the prior week's 89,524, which was the highest since the week ended May 21, when 92,256 trucks were built.

Last week's targeted truck production was 14.70 percent more than the year-ago week's 75,649.

Auto production for the year totals 5,035,938, which is 3.19 percent below the 5,201,809 completed last year at this point.

Last week's targeted car production of 146,940 was 1.13 percent more than the previous week's 145,293, and 6.66 percent more than the year-ago week's 137,765.

Companies split last week's estimated output as follows: General Motors, 51.67 percent; Ford Motor Co., 23.72 percent; Chrysler Motors, 13.78 percent; Honda of America Manufacturing Inc., 5.07 percent; Mazda Motor Manufacturing (U.S.A.) Corp., 3.81 percent; and Nissan Motor Manufacturing Co. U.S.A., 1.95 percent.

NUMMI's Fremont, Calif., plant was closed last week for model changeover to the 1989 Toyota Corolla sedan and the new Chevrolet Geo Prizm, which is not expected to be built until November. Corolla output resumes today.

GM will close its Lansing, Mich., plant the week of Oct. 3 because of a parts shortage. About 4,000 workers will be temporarily laid off for the week. The plant assembles the Oldsmobile Cutlass Calais and Buick Skylark.

GM's Doraville, Ga., plant resumes output today. The plant has been idle for operating-plan and job-assignment changes.

Canada build steady for week

Canadian auto production was targeted at 20,697 cars last week, almost equal to the prior week's 20,701 but 29.74 percent more than the year-ago week's total of 15,953.

So far this year, Canadian carmakers have built 781,885 units, 40.74 percent more than the 555,547 completed at this time last year.

Last week's scheduled truck output of 21,555 was 1.10 percent more than the previous week's total of 21,320 and 15.45 percent more than the year-ago week's total of 18,670.

The year-to-date truck total is 668,071, 12.15 percent more than the 595,676 built at this point last year.

Workers at Volvo's Halifax, Nova Scotia, plant remained on strike last week. The issues are pensions, wages and union representation on the shop floor. The company said negotiations are continuing.

U.S. CAR	Week Ended Sept. 24, 1988	Week Ended Sept. 26, 1987	Week Ended Sept. 17, 1988	Sept. to Date	Jan. 1 to Sept. 24, 1988	Jan. 1 to Sept. 26, 1987
Alliance	0	0	0	0	0	15,994
Total Eagle	0	0	0	0	0	15,994
Horizon	1,500	522	1,547	4,692	59,329	34,104
Sundance	2,100	1,682	2,108	6,455	74,663	68,088
Reliant	2,100	3,973	2,293	6,718	63,969	89,705
Caravelle	0	593	0	0	9,087	34,698
Gran Fury	200	257	181	702	16,526	4,781
Total Plymouth	5,900	7,027	6,129	18,567	223,574	231,376
LeBaron K	0	988	0	0	7,912	51,442
LeBaron J	2,000	2,617	2,031	6,402	56,271	84,148
LeBaron GTS	150	820	192	582	6,838	29,515
N. Yorker E-Class	0	0	0	0	0	56,393
N. Yorker C-Class	2,000	0	2,132	6,565	76,331	2,189
Fifth Avenue	900	2,583	956	3,056	22,136	43,310
Total Chrysler	5,050	7,008	5,311	16,605	169,488	266,977
Omni	1,500	545	1,533	4,700	58,042	29,436
Daytona	2,000	2,035	2,002	6,379	55,472	44,876
Shadow	2,200	1,847	2,231	6,886	74,227	70,697
Aries	400	3,330	2,089	4,970	60,677	82,555
Dodge 600	0	606	0	0	8,549	30,906
Dynasty	2,700	0	2,800	8,550	76,386	475
Lancer	200	491	198	584	6,592	18,382
Diplomat	300	534	398	1,034	14,436	9,065
Total Dodge	9,300	9,388	11,251	33,102	354,381	286,392
CHRYSLER MOTORS	20,250	23,423	22,691	68,274	747,443	800,739
Escort	9,464	9,285	9,030	28,348	287,847	281,045
Mustang	4,458	5,313	4,370	13,995	147,660	158,883
Tempo	3,623	843	3,135	11,148	134,732	102,509
Taurus	8,467	8,109	8,275	26,168	288,685	303,938
Thunderbird	0	3,429	0	0	90,246	115,382
Total Ford Div.	26,012	26,979	24,810	79,657	949,170	961,757
Lynx	0	0	0	0	0	21,352
Topaz	1,481	253	1,303	4,545	51,176	33,649
Cougar	0	3,411	0	0	69,686	103,575
Sable	2,770	1,260	2,804	8,542	98,029	93,727
Total Mercury	4,251	4,924	4,107	13,086	218,891	252,303
Continental	1,527	0	1,749	5,034	35,741	9,610
Mark VII	766	691	882	2,534	19,008	20,725
Lincoln	2,295	3,473	2,650	7,614	93,885	104,250
Total Lincoln	4,588	4,164	5,281	15,182	148,432	134,585
Total L-M Division	8,839	9,088	9,388	28,269	367,323	386,888
FORD MOTOR CO.	34,851	36,067	34,198	107,926	1,316,493	1,348,645
Skyhawk	520	1,297	462	1,605	12,850	23,247
Skylark/Somerset	1,175	1,864	1,162	3,952	35,663	46,001
Century	4,743	1,094	4,794	14,977	89,671	121,014
Regal (rwd)	0	627	0	0	0	32,766
Riviera	537	323	471	1,465	5,359	9,571
Electra	1,229	1,915	1,250	3,901	60,345	66,902
LeSabre (fwd)	3,445	4,483	2,830	9,221	94,815	108,856
LeSabre (rwd)	245	168	202	1,801	10,123	6,686
Reatta	236	0	156	637	5,166	0
Total Buick	12,130	11,771	11,327	37,559	315,625	415,043
Cimmaron	0	271	0	0	3,693	8,585
Eldorado	633	445	502	1,602	25,670	14,230
Seville	480	532	376	1,217	16,161	12,335
Brougham (rwd)	923	1,790	881	2,987	24,088	51,088
Deville (fwd)	3,684	3,214	2,918	8,859	107,275	104,101
Allante	60	145	65	162	1,304	3,914
Total Cadillac	5,780	6,397	4,742	14,827	178,191	194,253
Cavalier	7,595	6,110	7,380	23,774	263,378	226,722
Camaro	2,578	2,369	2,352	7,373	65,342	90,226
Celebrity	3,508	4,735	3,366	11,504	132,602	217,291
Corsica/Beretta	8,923	5,954	9,387	31,405	306,587	237,393
Monte Carlo	0	1,699	0	0	0	51,886
Caprice	4,213	3,078	4,037	13,471	152,797	134,588
Corvette	450	651	450	1,442	16,263	20,244
Total Chevrolet	27,267	24,596	26,972	86,970	936,969	978,340
Calais	3,625	2,932	3,824	10,834	82,090	83,784
Firenza	0	232	0	0	5,230	4,503
Cutlass Ciera	1,417	283	1,286	3,839	18,535	100,328
Cutlass Supreme	0	1,744	0	4,177	100,822	56,601
Toronado	299	369	143	568	11,175	11,369
88 (fwd)	3,698	4,119	2,939	9,895	112,740	126,455
88 (rwd)	105	57	143	474	8,657	10,729
Olds 98	1,087	1,911	1,083	3,502	53,209	51,345
Total Oldsmobile	10,201	11,627	9,197	33,257	392,458	453,708
Sunbird	2,126	1,332	2,561	7,787	78,000	65,715
Grand Am	6,209	4,860	6,213	18,576	171,500	176,153
Firebird	1,860	1,496	1,493	5,066	45,226	59,475
Grand Prix	4,380	0	4,299	13,338	97,479	0
Pontiac 6000	2,628	0	2,813	9,107	60,903	56,319
Bonneville	3,154	2,934	2,880	9,164	83,419	94,866
Safari/Parisienne	183	133	146	504	5,904	7,075
Fiero	0	785	0	0	13,260	22,347
Total Pontiac	20,540	11,540	20,405	63,542	555,691	481,960
GENERAL MOTORS	75,918	65,931	72,643	238,154	2,378,934	2,523,324
HONDA	7,455	5,938	7,816	24,086	269,059	242,842
Civic	2,135	231	2,463	7,521	78,030	71,847
Accord	5,320	5,707	5,355	16,565	191,029	170,995
MAZDA†	5,596	108	4,824	16,495	96,191	349
NISSAN	2,870	2,593	2,900	9,231	81,204	97,563
NUMMI	0	3,570	419	4,384	111,019	145,018
Corolla	0	964	181	1,599	40,531	31,282
Nova	0	2,606	238	2,785	70,488	113,736
VOLKSWAGEN	0	135	0	0	35,595	43,329
Golf/GTI	0	60	0	0	30,042	34,845
Jetta	0	75	0	0	5,553	8,484
Total Cars, U.S.	146,940	137,765	145,293	468,550	5,035,938	5,201,809
Total Cars, Canada	20,697	15,953	20,701	64,854	781,885	555,547
U.S., Canada Cars	167,637	153,718	165,994	533,404	5,817,823	5,757,356
U.S., Canada Cars and Trucks	275,959	248,037	276,838	879,813	9,300,045	9,122,104

Weekly estimates may contain error of one or two units due to rounding.
†—Total includes the 626 and Navi Probe.

CANADIAN CAR	Week Ended Sept. 24, 1988	Week Ended Sept. 26, 1987	Week Ended Sept. 17, 1988	Sept. to Date	Jan. 1 to Sept. 24, 1988	Jan. 1 to Sept. 26, 1987
Eagle	0	—	0	0	0	—
Premier	1,275	—	1,283	4,219	44,877	—
CHRYSLER MOTORS	1,275	110	1,283	4,219	44,877	4,031
Escort	0	—	0	0	0	—
Lynx	0	—	0	0	0	—
Tempo	3,265	—	3,073	9,509	128,779	—
Topaz	1,631	—	1,528	4,688	48,895	—
Crown Victoria	2,773	—	2,744	8,597	93,429	—
Grand Marquis	2,987	—	2,852	9,092	94,401	—
FORD MOTOR CO.	10,656	5,547	10,197	31,886	365,504	321,037
Celebrity	187	—	199	648	15,272	—
Cutlass Ciera	3,333	—	3,324	10,682	174,240	—
Cutlass Supreme	0	—	0	0	0	—
Grand Prix	0	—	0	0	0	—
Pontiac 6000	0	—	0	0	29,675	—
Regal	4,000	—	4,336	13,241	116,268	—
GENERAL MOTORS	7,520	9,681	7,859	24,571	335,455	212,400
Civic	1,246	—	1,362	4,178	29,708	—
Accord	0	—	0	0	1,828	—
HONDA	1,246	390	1,362	4,178	31,536	10,582
VOLVO	0	225	0	0	4,513	7,497
Total Cars, Canada	20,697	15,953	20,701	64,854	781,885	555,547

U.S. TRUCK☆	Week Ended Sept. 24, 1988	Week Ended Sept. 26, 1987	Week Ended Sept. 17, 1988	Sept. to Date	Jan. 1 to Sept. 24, 1988	Jan. 1 to Sept. 26, 1987
Caravan	1,900	—	2,309	6,936	69,301	—
Dakota	2,300	—	2,378	7,201	77,002	—
Mini-Ram Van	200	—	309	729	9,761	—
Pickups	2,300	—	2,376	7,184	55,470	—
Total Dodge	6,700	8,155	7,372	22,051	211,534	206,221
Cherokee	3,700	—	4,470	13,276	132,420	—
Commanche	800	—	996	2,942	33,049	—
Grand Wagoneer	300	—	345	925	10,116	—
Pickups	0	—	0	0	0	—
Wagoneer	150	—	217	639	7,649	—
Total Jeep	4,950	4,518	6,028	17,782	183,234	183,823
Voyager	1,700	—	2,134	6,430	65,243	—
Total Plymouth	1,700	—	2,134	6,430	65,243	—
CHRYSLER MOTORS	13,350	12,673	15,534	46,263	460,011	370,044
Aerostar	4,730	—	4,948	15,501	149,289	—
Bronco	917	—	1,049	3,037	40,149	—
Bronco II	2,353	—	2,852	8,420	95,035	—
Econoline	5,527	—	5,469	16,991	173,527	—
Heavy trucks	1,310	—	1,236	4,131	48,460	—
Light trucks	9,859	—	10,293	32,200	357,131	—
Ranger	4,949	—	6,924	19,592	254,950	—
Total Ford Div.	29,645	33,616	32,771	99,873	1,118,541	1,086,697
FORD MOTOR CO.	29,645	33,616	32,771	99,873	1,118,541	1,086,697
Astro	4,065	—	3,723	11,586	129,123	—
Blazer	532	—	509	1,678	19,082	—
Mediums/Heavies	420	—	427	1,560	15,159	—
P-Model	898	—	889	2,819	30,155	—
Pickups	9,047	—	7,266	25,530	257,098	—
S-10	6,968	—	6,005	20,496	222,797	—
S-10 Blazer	3,821	—	4,124	12,384	121,004	—
Sportsvan/Van	1,875	—	2,424	6,820	69,574	—
Suburban	1,384	—	1,397	4,374	51,159	—
Total Chevrolet	29,010	16,506	26,750	87,047	915,151	812,604
Jimmy	154	—	148	460	5,506	—
Mediums/Heavies	816	—	685	2,096	28,424	—
P-Model	122	—	131	400	4,067	—
Pickups	2,818	—	3,517	8,941	80,276	—
S-15	1,562	—	1,317	4,655	50,409	—
S-15 Jimmy	1,159	—	1,007	3,563	34,417	—
Safari	1,029	—	757	2,920	32,900	—
Suburban	673	—	572	2,036	22,626	—
Vandura/Rally Vans	589	—	553	2,064	25,614	—
Total GMC	8,922	6,368	8,655	27,137	284,239	282,544
GENERAL MOTORS	37,932	22,874	35,414	114,184	1,199,390	1,095,148
NAVISTAR	1,700	1,623	1,673	5,302	62,863	54,007
NISSAN	1,390	2,113	1,382	4,450	69,396	64,466
AM GENERAL*	450	450	450	1,530	17,010	11,610
MISCELLANEOUS*	2,300	2,300	2,300	7,820	86,940	87,100
Total Trucks, U.S.	86,767	75,649	89,524	279,423	3,014,151	2,769,072

CANADIAN TRUCK	Week Ended Sept. 24, 1988	Week Ended Sept. 26, 1987	Week Ended Sept. 17, 1988	Sept. to Date	Jan. 1 to Sept. 24, 1988	Jan. 1 to Sept. 26, 1987
Caravan	2,928	—	2,838	9,289	103,098	—
Mini-Ram Van	204	—	225	668	9,391	—
Ram Wagon	768	—	752	2,256	18,545	—
Ram Van	2,052	—	2,143	6,330	49,816	—
Total Dodge	5,952	6,019	5,958	18,543	180,850	289,079
Voyager	3,012	—	3,034	9,487	92,681	—
Total Plymouth	3,012	—	3,034	9,487	92,681	—
Wrangler	1,248	—	1,205	4,029	36,676	—
Total Jeep	1,248	937	1,205	4,029	36,676	25,344
CHRYSLER MOTORS	10,212	8,956	10,197	32,059	310,207	314,423
FORD MTR (lt. trks)	3,648	3,442	3,258	10,539	117,598	108,976
Light trucks	3,706	—	3,931	11,736	111,997	—
Vans	1,540	—	1,525	4,675	42,578	—
Total Chevrolet	5,246	—	5,456	16,412	154,575	—
Light trucks	1,574	—	1,586	4,923	55,805	—
Vans	605	—	545	1,988	21,538	—
Total GMC	2,179	—	2,131	6,911	77,343	—
GENERAL MOTORS	7,425	6,047	7,587	23,323	231,918	165,242
NAVISTAR	270	225	278	864	8,348	7,095
Total Trks., Canada	21,555	18,670	21,320	66,785	668,071	595,676
U.S., Canada Trks.	108,322	94,319	110,844	346,209	3,682,222	3,364,748

☆—Includes whatever van production. *—Estimated.
Jeep includes commercial only. AM General includes government-destined vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Weekly estimates may contain error of one or two units due to rounding.

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October 3, 1988

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Optimism overflows at Paris show

Makers seek ways to crank up output

By Richard Johnzon
AUTOMOTIVE NEWS STAFF REPORTER

PARIS — After years of hand-wringing in Europe over excess auto capacity, last week's opening of the Paris Auto Show was filled with chief executives searching for ways to boost output in a buoyant market.

Predictions of a European industry downturn this year have not materialized, and a new wave of optimism about 1989 surfaced among company heads who gathered here.

While General Motors is closing plants in the United States, it is looking for new European capacity and considering reopening a mothballed Belgium factory, Automotive News learned.

Robert Eaton, General Motors — Europe's new president, said in an interview that a recently closed plant in Antwerp, Belgium, could be recommissioned.

Chrysler is interested in new Jeep capacity and is also looking to Europe for a joint-production deal. Talks are underway with Renault and possibly Fiat. It's known that Chrysler Motors Chairman Gerald Greenwald and Fiat Auto President Vittorio Ghidella huddled in a private suite above the floor of the show last week — one day after most of the world's press went home.

The day before, Chrysler Chairman Lee Iacocca acknowledged ongoing talks with Fiat.

"We've had lots of discussions with Fiat," Iacocca said. "Something may come of it and something may not, but I'm not prepared to discuss that today."

Talks between the two — over the past couple of years — are believed to have touched on everything from Alfa Romeo or Lancia distribution in the United States to distribution of Chrysler minivans in Italy by Fiat.

Meanwhile, Ford continues to push its capacity in Europe. Ford of Europe Chairman Alex Trotman said the company will build 100,000 to 150,000 more cars this year than last even though it suffered a 12-day strike in Great Britain last February.

Opel's 4wd Vectra, above, made its debut at the Paris Auto Show and drew keen interest from competitors. GM-Europe is counting on the new range to propel it past rival Ford. Meanwhile, the Japanese continued their trend of using major European shows to launch new models. Nissan used Paris to unveil its new Prairie/Axxess wagon, right.

CINDY LEWIS PHOTOS

French auto giants held much of the spotlight in Paris. Peugeot, which said it will increase annual production capacity more than 20 percent over the next four years, cited a first-half profit surge of 21 percent.

Renault Chairman Raymond Levy surprised the gathering by announcing that 1988 net earnings will increase 62 percent.

Ford and GM are staging their own profit race in 1988, after each surpassed $1 billion in European earnings last year.

Eaton said pretax profits will be higher than in 1987, when GM — Europe emerged from several years of red ink with a net profit of $1.25 billion. However, after-tax earnings could fall because of a bigger tax bill.

Ford also sounded optimistic.

"You have to assume ours wouldn't be too shabby," said Trotman, though he declined to be specific. Last year, Ford earned $1.07 billion in Europe, a 93 percent improvement over 1986.

Volkswagen and Fiat also released robust profit figures during the show. Fiat said pre-tax earnings increased 21 percent, thanks to strong auto and truck sales performances. VW said group net profits would rise at least 9 percent after a period of flat earnings.

The general good tidings for Europe's six high-volume manufacturers come in a year when business was supposed to be down. Virtually every European manufacturer predicted a sales drop of at least 4 percent to 5 percent for 1988. But sales are up by about the same amount.

"How did we get our 1988 predictions so wrong?" asked Peugoet Chairman Jacques Calvet. "The world economy shook off the stock market crash much more easily than expected, while government authorities and central banks reacted intelligently with international agreements and injections of liquidity."

GM's situation in Europe is typical.

see PARIS, page 56

3 makers say, 'Bring it back if not happy'

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Chrysler Motors, Pontiac and Oldsmobile last week launched the industry's latest marketing trend: 30-day return policies for newly purchased vehicles.

Chevrolet, meanwhile, confirmed it is studying whether to implement an exchange plan similar to those offered by its sister divisions.

Executives at Chrysler and Pontiac indicated that their programs may be extended and widened.

Chrysler's and GM's programs include a liberal reimbursement provision for dealers.

Like the extended warranties announced throughout this year, the return policies are being touted by the automakers as buyer confidence builders rather than as replacements for entrenched finance incentives and rebates.

Yet industry observers say they are inexpensive alternatives to the current style of incentives. And there is evidence that the new programs will indeed be attractive to customers.

Pontiac and Oldsmobile, for example, cited customer research indicating that more than 85 percent of all households would be likely to consider a vehicle that offers a guaranteed exchange rather than incentives such as low financing or cash rebates.

And Chrysler is advertising its return programs extensively in both print and television in its two test markets — Washington and Denver.

The programs announced last week are of two types. Pontiac and Oldsmobile permit a buyer to return to the selling dealer a newly purchased vehicle and for full credit toward the purchase of any model of the same brand. Chrysler also has a trade-in program in Denver. But in Washington, Chrysler allows customers to return the vehicle and receive cash back.

Vehicles in each of the programs may be returned for any reason.

The Chrysler program, which began Sept. 21 and ends Nov. 20, covers all 1988 and 1989 Chrysler Motors cars and trucks, domestic and foreign-built. However, as noted, the programs are being tested in only two markets — Washington and Denver.

The Pontiac program, which began Sept. 29 and continues through Dec. 31, applies only to the 1989 Grand Prix, a GM10 vehicle. The Oldsmobile plan, which runs concurrently with Pontiac's, applies only to the 1989 Cutlass Supreme, also a GM10.

The Pontiac and Oldsmobile programs allow a buyer to return a vehicle within 30 days or 3,000 miles, whichever occurs first, and receive full credit toward

see RETURN, page 58

Auctions soar

'87 was record; '88 is better

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

The gavel fell on 630,000 cars worth $3.9 billion at the nation's top 10 auto auctions in 1987, a record performance that topped the prior year by 15.60 percent in units and 14.71 percent in dollars. The 1986 totals were 545,000 cars valued at $3.4 billion.

Industry officials say a strong used-car market backed by factory program vehicles, an upturn in repossessions and increased fleet and lease business were responsible for the best sales year ever.

And the Big 3 auction chains — Manheim Auctions,

see AUCTIONS, page 59

TOP TEN AUTO AUCTIONS

	Volume (millions)	Units Sold	Average Price
1. Florida Auto Auction of Orla[illegible]	[illegible]	70,000	9,200
2. National Auto Dealers Excha[illegible]	408.8	79,000	5,200
3. Dallas Auto Auction	290.4	52,864	7,557
4. California Auto Dealers Excha[illegible]	396.8	79,000	5,000
5. Southern California A[illegible]	287.9	72,000	5,100
6. Charlo[illegible]	267.1	[illegible],350	6,515
7. Auto Dea[illegible]nge	[illegible]	[illegible],000	5,500
8. Apple Auto Auction	[illegible]	47,864	7,393
9. Nashville Auto Auction	[illegible]	48,927	7,168
10. Southern Auto Auction	315.0	59,000	5,300

Some figures were provided to Automotive News by companies. In some cases, figures are rounded or approximated.

Big insurer selling service contracts

By Geoff Sundstrom
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — Government Employees Insurance Corp. took the industry's first big step into the warranty business this summer when it began offering its 1.4 million policyholders an extended new-car warranty plan called Mechanical Breakdown Insurance.

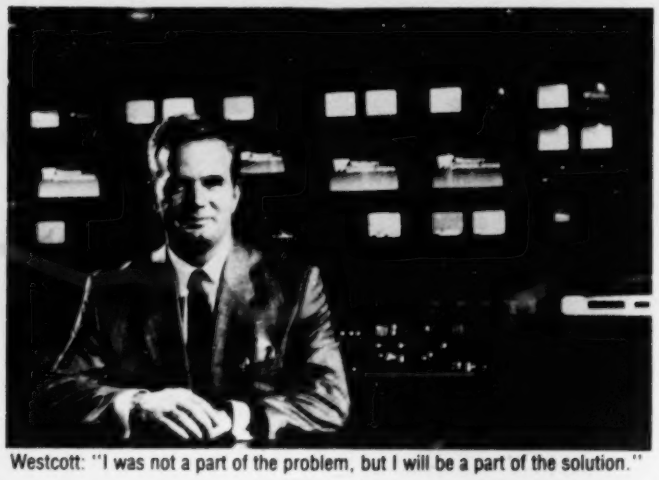
If the plan is successful and is emulated by other auto insurance companies, the effects could be staggering. Dominance of the extended-warranty market by large, national insurance companies with low rates would deprive U.S. new-car dealers of hundreds of millions in annual income.

see GEICO, page 58

NEWSPAPER

INSIDE:

Japan's Big 4 price hike falls short of U.S. Big 3 Page 2
ASTN founder's store hit with charges Page 3
Investors slow in buying dealer partner shares Page 55



Westcott: "I was not a part of the problem, but I will be a part of the solution."

ASTN founder's dealership hit with charges by Texas

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

The Texas Motor Vehicle Commission has filed charges of unlawful sales tactics against a dealership owned in part by Carl Westcott, founder of the Automotive Satellite Television Network.

The dealership is Courtesy Pontiac of Tyler, Texas.

The firm's license could be revoked or suspended if the state proves the charges. Fines and civil penalties also could be levied.

The commission accuses the dealership of using deceptive prices in its television ads, rigging payment schedules for financing cars, removing factory price stickers from vehicles and charging excessive title and license fees.

Westcott, reached at his Courtesy Pontiac office, said the suit filed by the commission resulted in the resignation of the dealership management in August and the appointment of new management.

An evidentiary hearing slated last week was postponed until lawyers representing the dealership take depositions from witnesses.

Westcott said he was an absentee owner who has now stepped forward to correct the situation.

"I have a financial interest in the dealership but have not been involved in its day-to-day operations," he said. "I was not a part of the problem, but I will be a part of the solution." Westcott is president of Texas-based Westcott Communications, parent of ASTN. General Motors' Electronic Data Systems Corp. also has a stake in the satellite network.

A self-described financial investor, Westcott is a partner in two other dealerships — in Los Angeles and Atlanta. He also is a partner in station KETK, the NBC affiliate in Jacksonville, Texas. Westcott purchased 50 percent of Courtesy Pontiac in 1972.

He launched ASTN two years ago to provide automotive-related news, training and educational programming. Some 3,700 dealers pay $4,620 annually for the service.

"The Motor Vehicle Commission has filed some charges that are set to be heard before an administrator," he said. "My attorneys say this is the proper forum to discuss these charges."

When asked if allegations of deception and fraud would chill ASTN's sales to dealers, who are signing up at a rate of about 150 per month, Westcott declined to answer. However, he said that he has taken an active role in monitoring the new management: "Whatever actions were taking place in the past will never happen again at Courtesy Pontiac."

Brett Bray, assistant director of the Texas Motor Vehicle Commission, led the investigation into Courtesy Pontiac's sales and marketing practices. He described them as unacceptable.

"It's a scheme that begins when a customer walks on the lot," he said. "High-pressure tactics are used to sell vehicles, and you can't buy a car for the price advertised on TV. It's very difficult to get out of the dealership without buying a vehicle at an inflated price."

Bray said Courtesy Pontiac allegedly violated the commission's advertising rules by offering Nissans and Pontiacs for below or the same as "factory invoice prices." The scheme allegedly also involved removal of the factory window sticker, or "Monroney label," from vehicles to confuse customers.

In what Texas Motor Vehicle Commission officials have called a "back to the future" scheme, customers allegedly were provided a computer printout showing a payment price and competitive interest rate offered by the manufacturer's financial arm.

Essentially, customers were shown a payment schedule for a four-year loan calculated on a three-year basis, making the payments appear higher than for a second financing plan at a higher interest rate computed for a four-year loan over a four-year period.

"The effect of this deceptive practice is to increase the finance income on the sale of a vehicle for Courtesy Pontiac," said Bray.

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Megadealers face more troubles

10 Pepe points on block in N.J. to pay off debt

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

CAMDEN, N.J. — New Jersey megadealer Richard Pepe said he is selling his 10 dealerships to satisfy his creditors in U.S. Bankruptcy Court.

"I don't know of anybody who's not going to get their money. Unfortunately, we have to sell our assets to do it," Pepe said last week. In filing for protection from creditors in August, Pepe listed $50 million in liabilities against $54 million in assets.

"I'm very bitter. There's no question about it," he said. "Other dealers should find out what they could be facing."

Major creditors include General Motors Acceptance Corp., which says it's owed $27 million, Midatlantic National Bank in Pennsauken, N.J., and Chrysler Credit Corp.

Pepe said he and his wife, Virginia, who owns four of the dealerships, considered restructuring to remain in business, but decided the only way to pay everyone off was to sell.

One of New Jersey's largest dealers, Pepe said his stores sold 15,000 vehicles last year. He added that contracts to sell five dealerships have been signed and he has offers on three more.

Offers for the remaining two — Pepe Imports and VIP Motorcar Corp. in West Atlantic City — will be sought in a hearing set for Oct. 10. All the sales must be approved by Judge Judith Wizmur.

Meanwhile, New Jersey State Attorney General Cary Edwards is trying to intervene in the case on behalf of 46 customers who claim Pepe's dealerships failed to pay off loan balances on their trades. Edwards is seeking money to be set aside for the claims.

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Kelton's cars repossessed; GMAC files suit in Vermont

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

General Motors Acceptance Corp. has repossessed the GM inventory of one of Vermont's largest dealer chains and has sued the dealer organization.

A Vermont newspaper reported Friday that the repossessions amounted to more than $7.2 million and involved four dealerships.

The suit charges Kelton Motors with a variety of deceptive practices, including selling cars out of trust and shuffling cars between dealerships to deceive auditors, the Rutland Herald reported, citing documents filed in U.S. District Court in Burlington.

In addition, Kelton repeatedly issued bad checks to GMAC and failed to meet a variety of contract obligations, the newspaper reported the court records as saying.

According to the dealer, Carl Kelton Sr., he and GMAC mutually agreed to the repossession. He has since agreed to sell one GM store and a Volkswagen franchise, both in St. Johnsbury.

Kelton owns a chain of auto and truck outlets in Vermont operating under the "Charlie Kelton's" name. He had represented four of GM's car division between two stores, in Rutland and St. Johnsbury, and GM trucks at two locations in White River Junction.

The financial troubles stem from non-payment of recourse retail loans by some big-ticket buyers, leaving the dealership responsible and short of cash, said his son, Carl Kelton Jr., general manager of the Kelton truck operation in White River Junction.

The court documents, however, mention the chain's rapid growth as the cause of the problems, the newspaper reported. Carl Kelton Jr., who declined to com-

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Europe aims for 50% cut in auto jobs

By Arthur Flax
AUTOMOTIVE NEWS STAFF REPORTER

DEARBORN, Mich. — Renault Chairman Raymond H. Levy estimates that European auto industry employment will be cut in half by 1992, compared with 1985 and 1986 levels, while production will remain at the same level.

In a speech prepared for an assembly of engineers meeting here for the 1988 International Federation of Automobile Engineering Societies (FISITA) Congress, Levy predicted that the European auto industry will respond to increasing competition by shifting from a labor-intensive industry to an industry based on "gray matter." John B. Curcio, chairman of Renault's Mack Trucks unit, delivered the speech because Levy was unable to attend.

In the speech, he said European automakers will reduce the workforce by providing blue collar workers with more responsibility; introducing computer technology that will eliminate white collar jobs where the workers spend most of their time sorting data; using more outside suppliers; and shifting sub-assembly away from production lines.

In their respective speeches to the organization, Roger Smith, General Motors chairman and honorary general chairman of the conference, and Tadashi Kume, president of Honda Motor Co., predicted that advancing technology will not only affect the design of automobiles but also the lives of the people who develop, build and drive them.

They defined their views of "automotive systems technology" and predicted the results of its use — each from his own perspective.

AUTOMOTIVE NEWS JOE WILSSENS

Keynoters, from left, Smith, Curcio and Kume (with interpreter)

From Smith's North American perspective, systems technology will allow the United States to produce world competitive products without forcing people to accept a lower standard of living.

From his Asian perspective, based on a career with Honda, Kume said, "Honda is not pursuing technology for its own sake. Honda is really seeking harmony. Harmony between man and machine, harmony between the customer and the automobile we make."

In his address to FISITA, Smith said systems engineering begins by defining the customer's requirements and then brings together supply, design, manufacturing, service and other relevant disciplines from the start of a project through the sale of the product.

"By 1990-1991, customers will be seeing GM products that reflect the systems engineering that we're doing now," Smith said.

Kume said that in order for the system that designs and builds the automobile to be effective, it must reflect human characteristics. Honda calls the source of its employees' inspiration, the "challenging spirit."

"The challenging spirit . . . means giving permission to . . . try things that have not been tried before, even knowing you will make mistakes. Because mistakes are valuable and even essential to success. Through our mistakes, we learn," Kume said.

Many of the FISITA sessions were devoted to methods by which engineers can improve the quality of interaction between man and machine — through better product design for customers, and on the development side, with improved computers, machines and methods for designing and building automobiles.

For example, Anthony Yanik, senior project engineer on GM's Environmental Activities staff, told a FISITA session that automakers will need to study how people age in order to develop cars to meet the needs of America's aging driving population.

Such information will provide designers with a basis for making changes in controls, interior lighting and seating when attempting to design cars for the senior market.

FISITA is composed of 22 engineering groups worldwide.